

Outlook Winter 2006-2007

Prepared for the Indiana Utility Regulatory Commission

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Overview

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Introduction

- Lower natural gas prices
- Price impact on customers
- Energy assistance need will remain high



Energy Assistance Efforts

- EAP
- Universal Service Program
- Help Thy Neighbor
- Warm Heart Warm Home



Keeping Customers Connected

- Minimizing service disruptions
- Flexible payment arrangements
- Manageable deposits
- Outreach to inactive accounts



Helping Customers Manage Costs

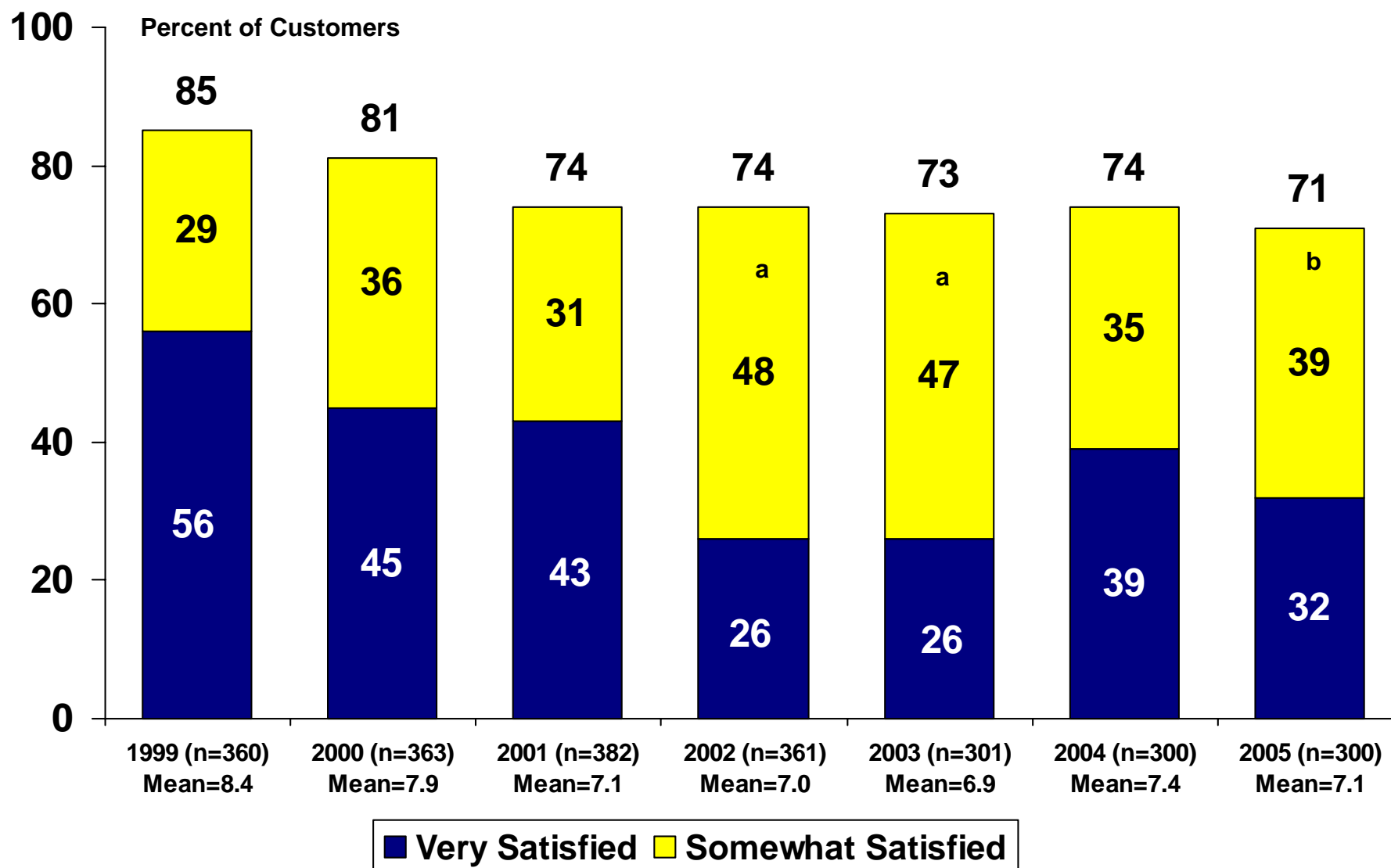
- Budget Plan
- Other payment options
- New Internet tools



Raising Customer Awareness

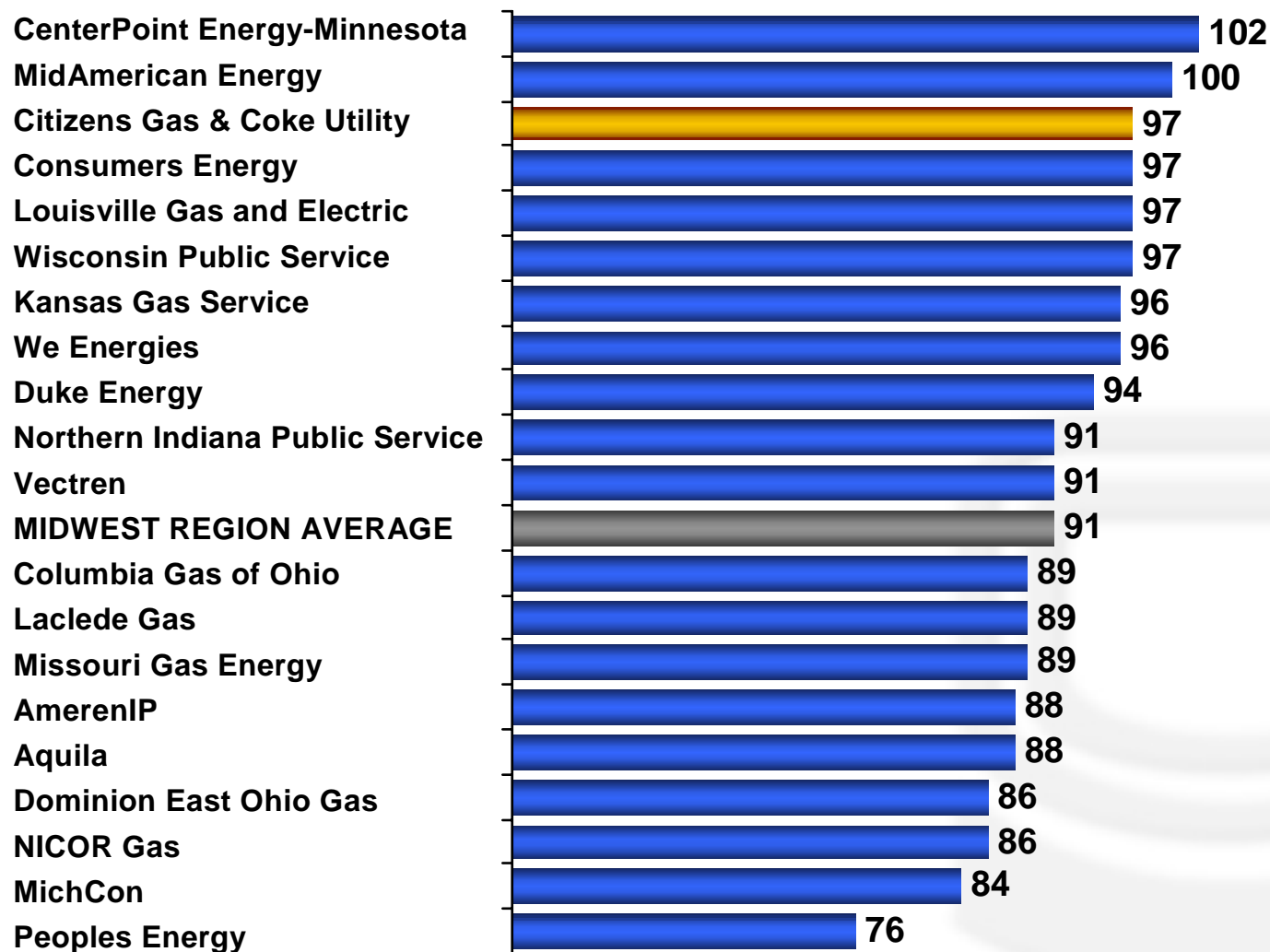
- Safety and conservation key messages
- Bill inserts
- Be Winter Wise Event
- Media outreach
- Hispanic TV spots
- Special initiative on safety and energy assistance awareness

Citizens Gas Customer Satisfaction



2006 Overall Customer Satisfaction Index

Midwest Region



Implications of Customer Surveys

- Price a big concern
- Focus on value of natural gas
- Citizens Gas offers good value



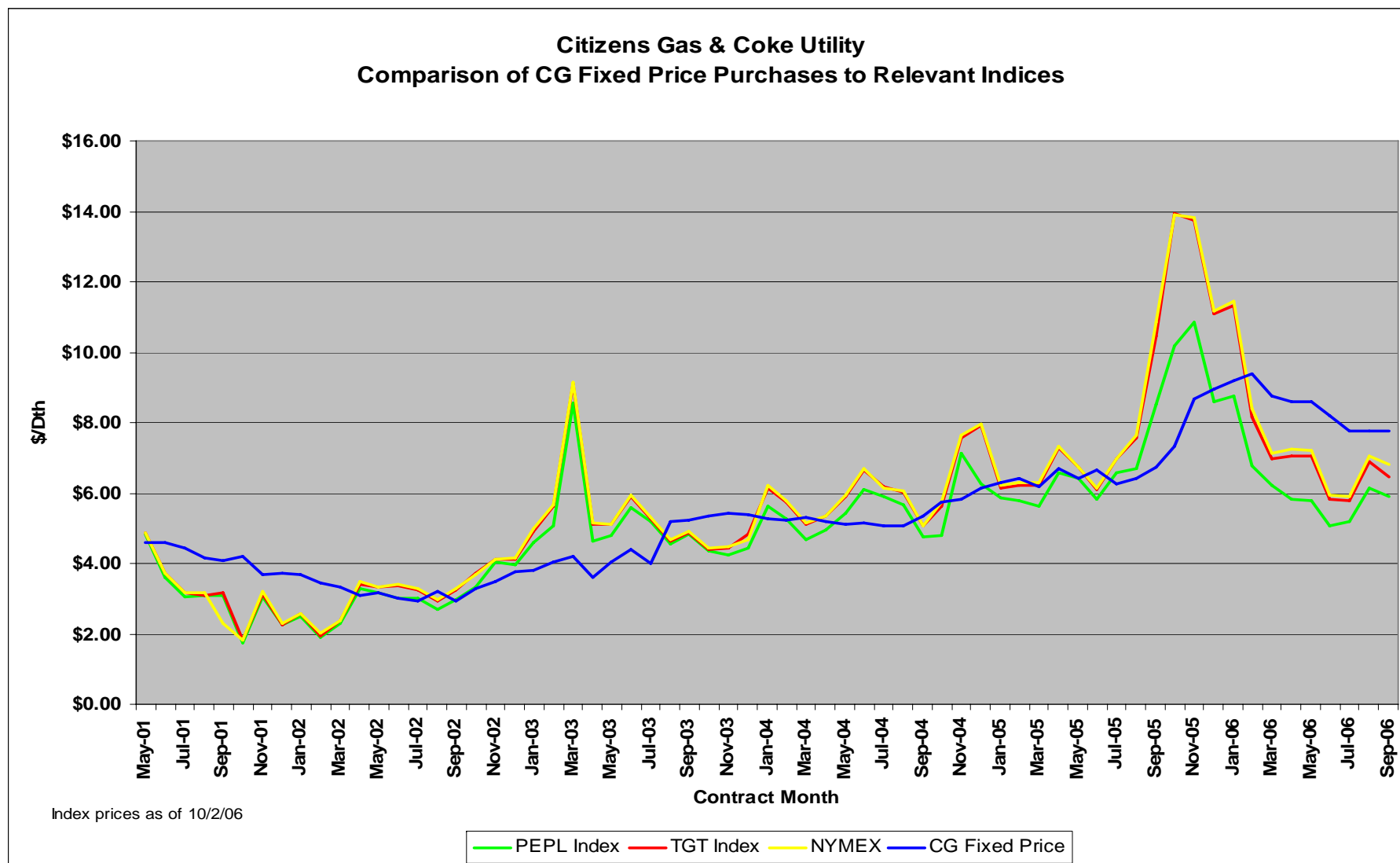
Snowbelt Survey Results – June 2006

	City		Total Annual Bill	% More Than Indy
1	Denver, CO		\$1,086.39	-10%
2	Milwaukee, WI		1,119.58	-7%
3	Indianapolis		1,205.30	
4	Kansas City, MO		1,207.47	0.2%
5	Peoria, IL		1,267.93	5%
6	Detroit, MI		1,305.42	8%
7	Des Moines, IA		1,306.74	8%
8	St. Louis, MO		1,324.45	10%
9	Dayton, OH		1,345.83	12%
10	Chicago, IL		1,359.49	13%
11	Louisville, KY		1,400.85	16%
12	Cincinnati, OH		1,433.35	19%
13	Cleveland, OH		1,502.34	25%
14	Baltimore, MD		1,533.20	27%
15	Columbus, OH		1,542.88	28%
16	Pittsburgh, PA		1,685.97	40%
17	New York, NY		1,763.76	46%
18	Boston, MA		1,776.96	47%
19	Washington, DC		1,876.81	56%
20	Philadelphia, PA		1,996.60	66%

LaTona Prentice
Executive Director, Regulatory Affairs

Gas Supply, Price
and Volatility Mitigation

Recent Price Trends



Why Prices Have Fallen

- Repair of hurricane damage
- Warm winter
- Moderate summer
- No hurricanes in Gulf in 2006



Securing Affordable Supply

- Diversifying supply sources
- Heartland Gas Pipeline
- Rockies Express

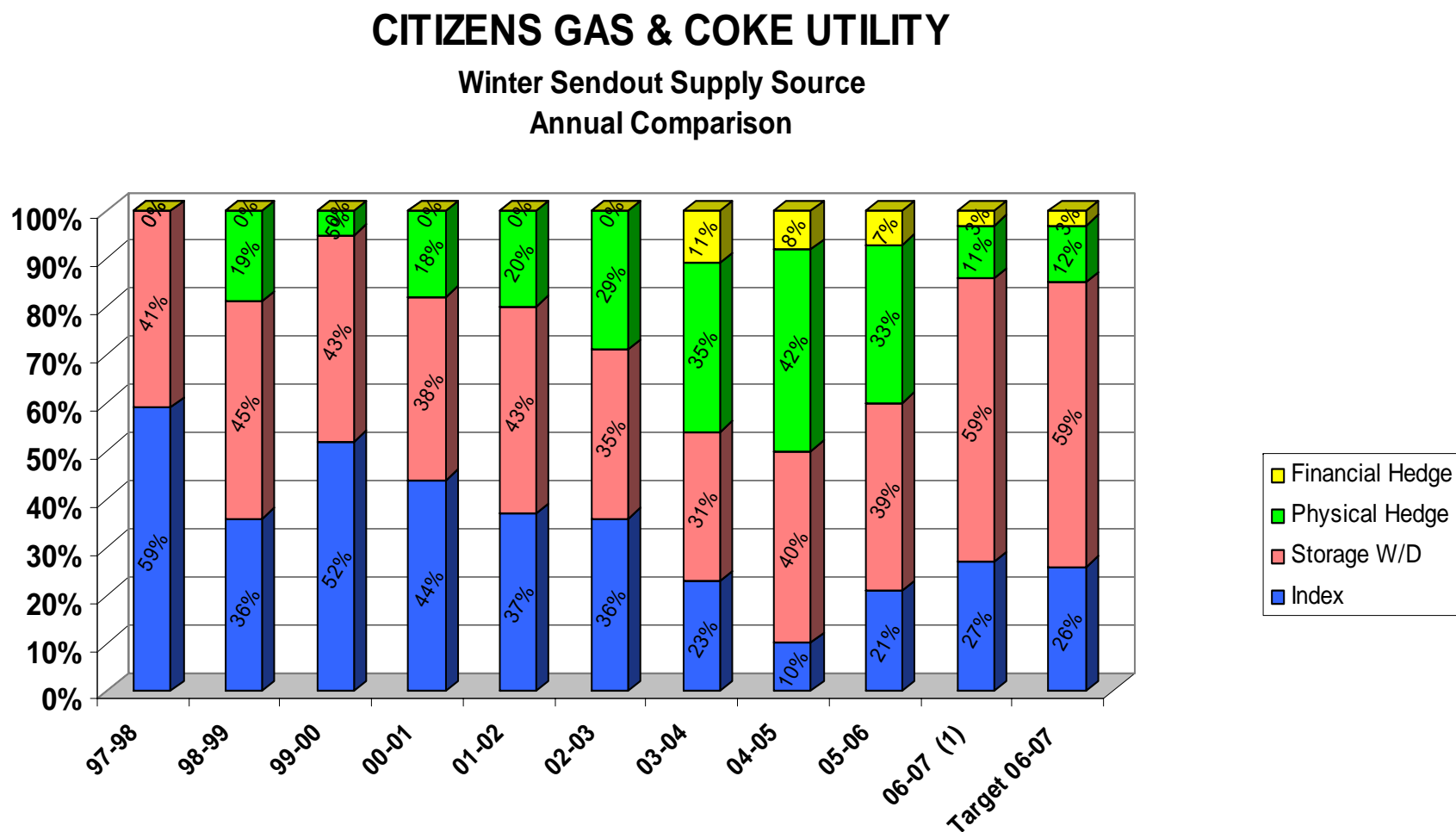


Price Volatility Mitigation

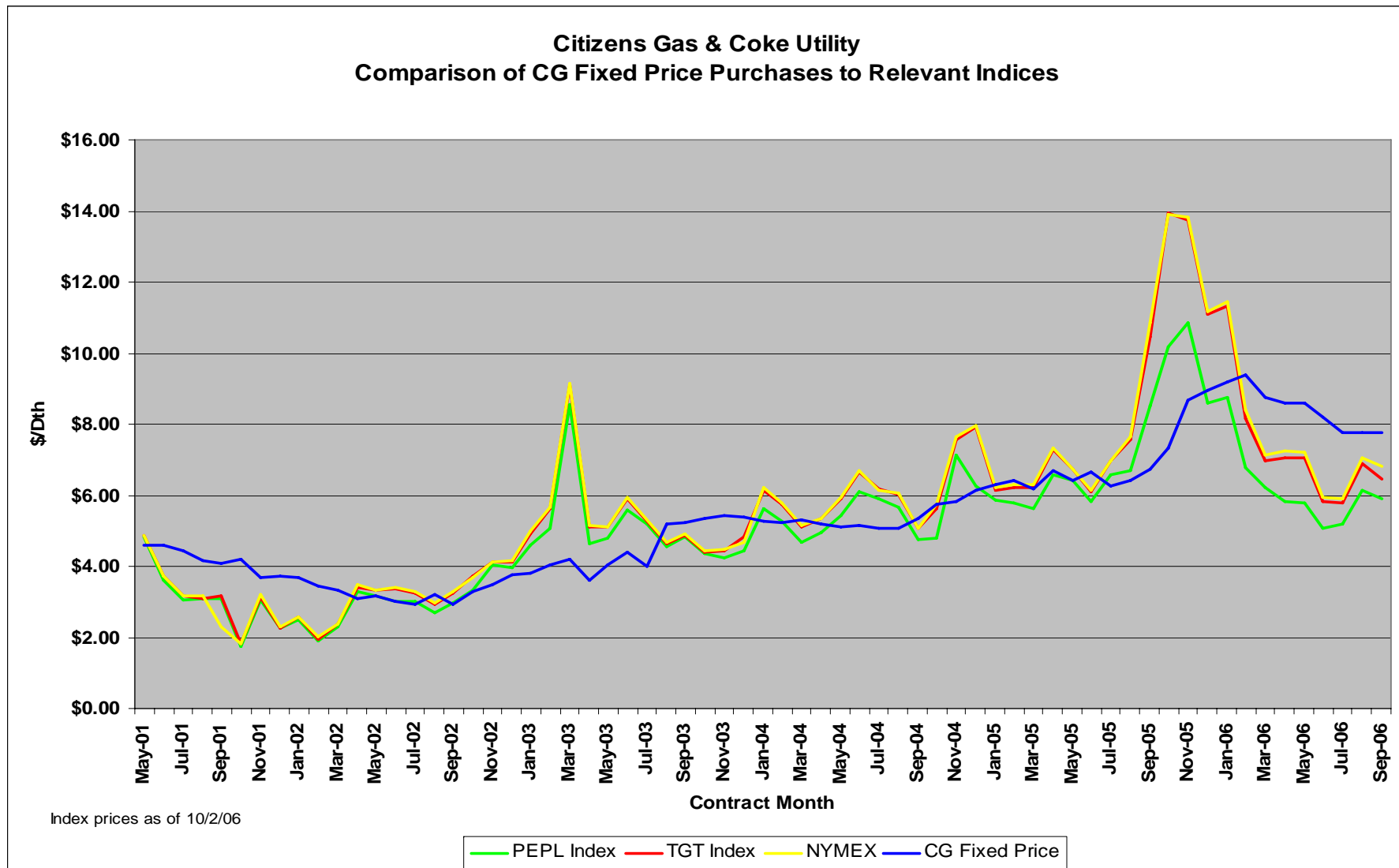
- Volatility Mitigation vital
- Methods used
- Not speculating on future prices



Price Volatility Mitigation Strategy

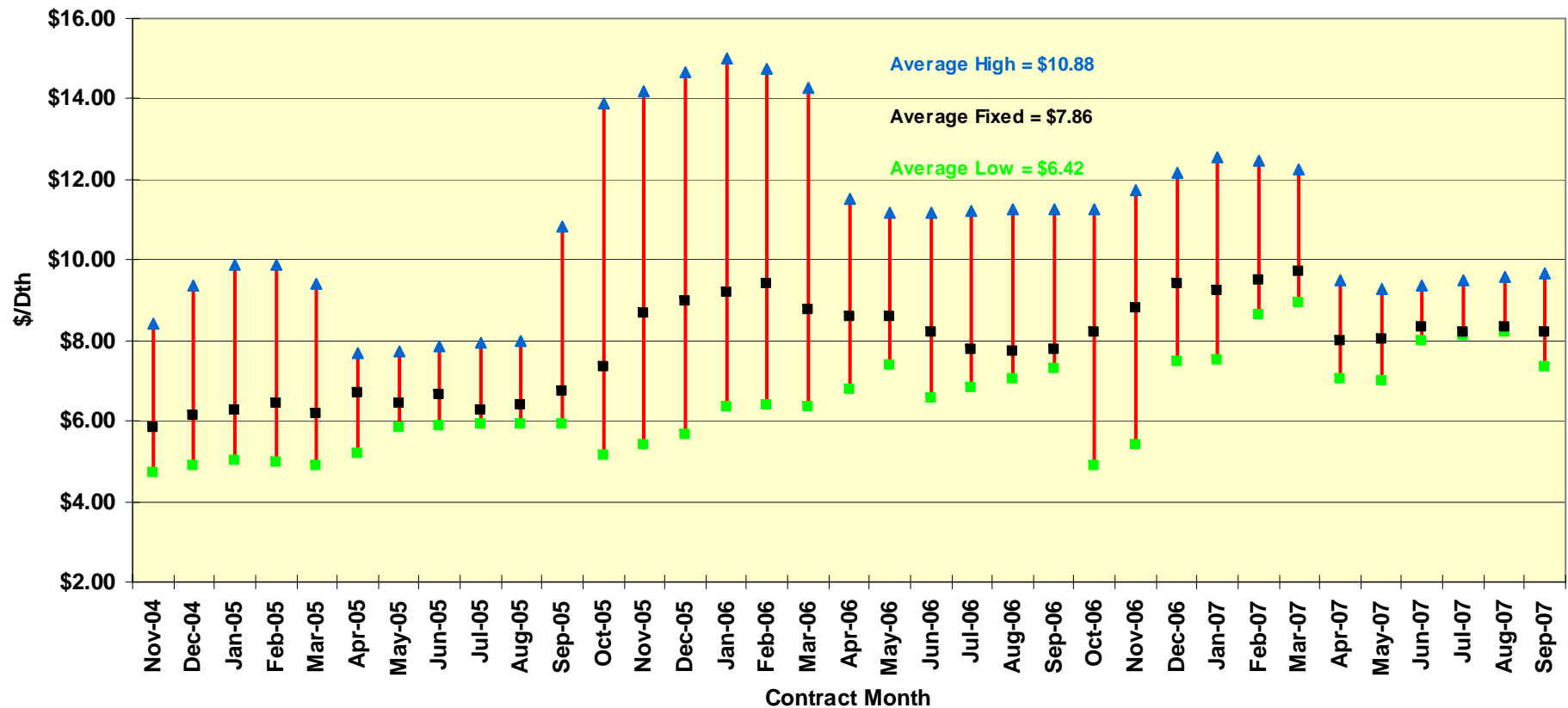


Hedging Results -- Fixed Price vs. Indices



Prices/Volatility History

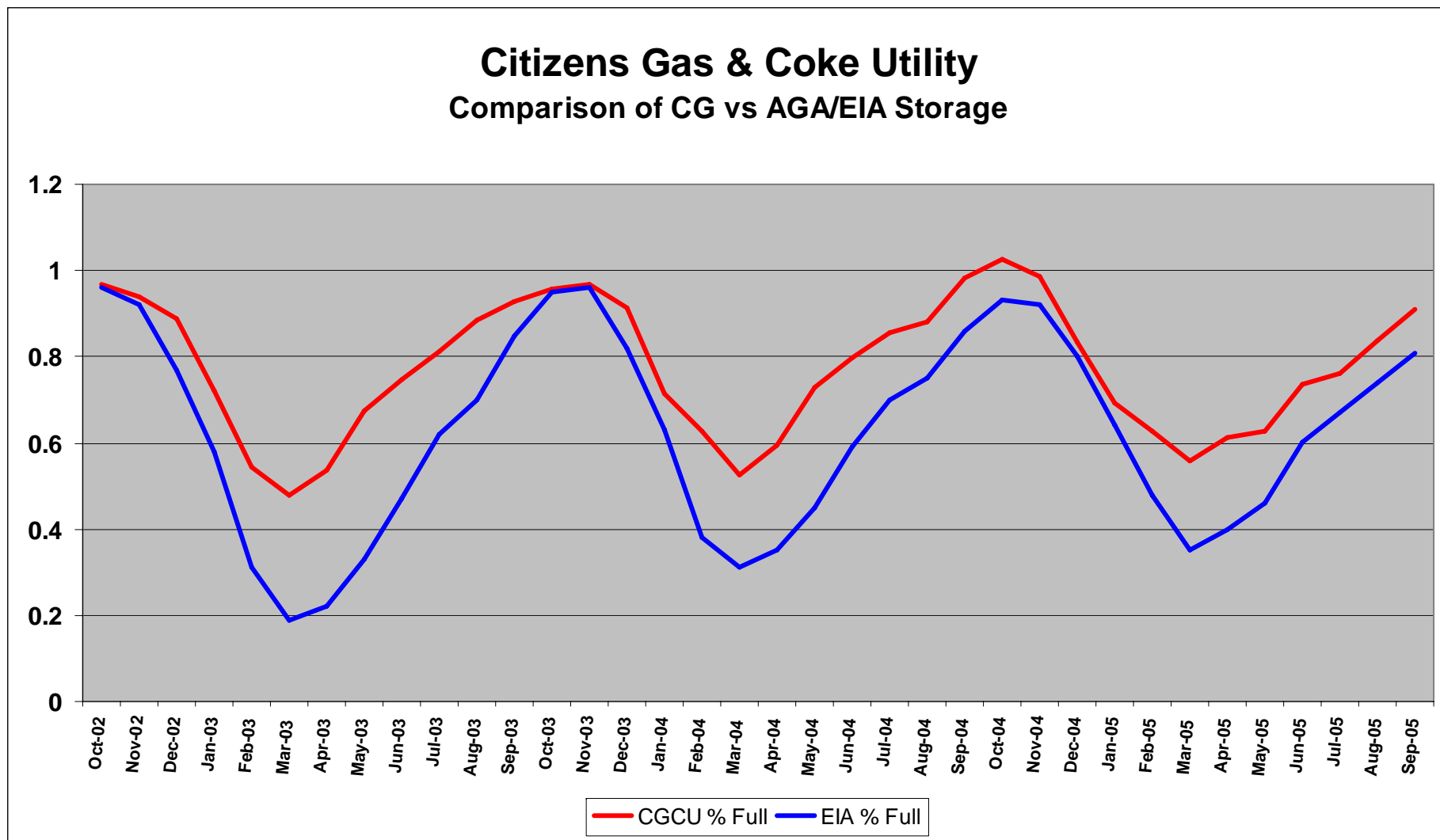
**Citizens Gas & Coke Utility
NYMEX Trading Ranges for Individual Contract Months**



NYMEX prices as of 10/2/06

▲ Contract High ■ Contract Low ■ CG Fixed Price

Storage is Ready



Conclusion

Your Questions

